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Proposed programme budget for the biennium 1998-1999

Analysis of savings resulting from the improved overall cost-effectiveness achieved pursuant to the ninth session of the United Nations Conference on Trade and Development, including the restructuring of the intergovernmental machinery and the reform of the secretariat, as requested by the General Assembly in its resolution 52/220 of 22 December 1997 and proposals pursuant to General Assembly decision 52/462 of 31 March 1998

Report of the Secretary-General

The report submitted below contains an analysis of the resource situation and resource utilization in the biennium 1996-1997, including a review of how any savings incurred in the biennium were "reallocated" in the context of the programme budget for the current biennium. Section III contains proposals for the allocation of the balance of unspent resources remaining at the end of the biennium 1996-1997. The proposals in section II reflect the recommendations of the Working Party.

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I. Introduction

1. The present report is submitted pursuant to two specific requests of the General Assembly. In resolution 52/220 of 22 December 1997 (paras. 52 and 54), the Assembly requested the Secretary-General to prepare expeditiously in consultation with the Working Party on the Medium-term Plan and the Programme Budget of the United Nations Conference on Trade and Development (UNCTAD), a report on the proposals that he had made in the programme budget for the biennium 1998-1999 regarding the utilization of savings incurred in the preceding biennium as a result of the "improved overall cost-effectiveness achieved pursuant to the ninth session of the Conference, including the restructuring of the intergovernmental machinery and the reform of the secretariat", and to submit it to the General Assembly at the first part of its resumed fifty-second session for its consideration.

2. In the course of the first part of its resumed fifty-second session, the General Assembly, in its decision 52/462 of 31 March 1998, reviewed the unspent balance of funds remaining at the end of the biennium 1996-1997 and decided to retain a balance "with a view to financing the activities of the United Nations Conference on Trade and Development, as requested in resolution 52/220 of 22 December 1997, taking into account the recommendations of the Secretary-General in this regard". The balance in question amounts to $5,526,600.

3. In accordance with the above, the Secretary-General prepared his initial proposals and presented them to the Working Party on the Medium-term Plan and the Programme Budget of the United Nations Conference on Trade and Development.[1] The Working Party met from 4 to 8 May 1998 to consider the proposals.

4. The Trade and Development Board took note of the comments and recommendations of the Working Party, which were subsequently transmitted to the Secretary-General through a letter from the Chairman of the Working Party (see annex).

II. Review of the resource situation including savings in the biennium 1996-1997

5. The initial resources appropriated for UNCTAD at the outset of the 1996-1997 programme budget were set at $124,145,100. At the close of the biennium, expenditures of $103,794,200 and an unencumbered balance of $179,200 had been recorded, being $20,350,900 less than the initial appropriation (see table). The difference between initial resources and final expenditures reflects a series of factors which intervened during the course of the biennium. Not all of these could be considered "savings" in the normal sense of the word. Only one of the factors related to "savings" achieved as a result of the restructuring of the intergovernmental machinery and the reform of the secretariat carried out as a follow-up to the decisions taken at the ninth session of the Conference, held at Midrand, South Africa, in April and May 1996. The reduction in resources may be attributed to a number of causes, as explained below.

6. The first cause is the General Assembly itself, which at its fiftieth session (resolution 50/215 of 23 December 1995) decided, after approving a provisional budget of $2.7 billion for the United Nations as a whole for the biennium 1996-1997 that the total level of expenditure for that biennium must not exceed $2.6 billion. It then called upon the Secretary-General to identify economies in all sections of the budget (resolution 50/214 of 23 December 1995). At the ninth session of the Conference, which took place shortly thereafter, a number of decisions were adopted which resulted in a revision of the work programme for the biennium and in the endorsement of the restructuring of the secretariat.

7. At its resumed fiftieth session, in August 1996, the General Assembly had before it the report of the Secretary-General on the proposed programme budget for the biennium 1996-1997 (A/C.5/50/57/Add.1), which contained the proposals for the implementation of resolution 50/215. In the case of UNCTAD, the Secretary-General proposed a reduction in the level of resources allocated for the 1996-1997 programme budget, from $124,145,100 to $116,400,900, or a reduction of $7,744,200 (item (a) and (b) in table 1). At the same time, it was stated that the programme of work of UNCTAD was being revised in the light of the decisions taken at the ninth session and that it was anticipated that the revised programme of work adopted by the Conference could be implemented within the reduced level of resources. The General Assembly proceeded to amend the appropriation pertaining to the UNCTAD budget on the basis of the above document, without determining the precise amount which could be identified as being solely related to the implementation of the decisions of the ninth session of the Conference. Consequently, it may be stated that the restructuring resulting from the decisions of the Conference facilitated the realization of economies which needed in any event to be identified in order to comply with the requirements of resolution 50/215. However, a

Table
Evolution of the budget of the United Nations Conference on Trade and Development from initial appropriation to final expenditures 1996-1997
(In United States dollars)

Initial appropriation before deduction for 6.4 per cent vacancy factor	$124 145 100	
(a) Vacancy adjustment approved at the fiftieth session of the General Assembly		($2 219 800)
Initial appropriation after deduction for 6.4 per cent vacancy factor	121 925 300	
Changes (1996)		
(b) Reductions pursuant to General Assembly resolution 50/214 shown in A/C.5/50/57/Add.1 in conjunction with (a) above		(5 524 400)
Revised appropriation	116 400 900	
(c) Exchange rate as per first Performance Report (A/C.5/51/38)		(6 290 400)
(d) Inflation as per first Performance Report (A/C.5/51/38)		(563 100)
(e) Adjustment to standards as per first Performance Report (A/C.5/51/38)		1 744 800
(f) Fifth Committee report as per A/51/750; ICSC recommendations		(1 065 900)
Revised appropriation	110 226 300	
Changes (1997)		
(g) Exchange rate as per second Performance Report (A/51/750)		(5 101 300)
(h) Inflation as per second Performance Report (A/51/750)		(156 600)
(i) Other changes (A/51/750)		(995 000)
		(20 171 700)
Proposed 1996-1997 final appropriation	103 973 400	
(j) Unencumbered balance	(179 200)	
(k) Final level of expenditure	103 794 200	

characterization of the $7,774,200 of "savings" as due either to the ninth session of the Conference or to the implementation of decision 50/215 requires a judgement which the Secretariat is not in a position to take.

Reductions in conference-servicing requirements attributable to the restructuring of the intergovernmental machinery

8. It was decided at the ninth session of the Conference that the formal intergovernmental process of UNCTAD would be tightly structured so as to reduce the number of meetings and encompass all important areas of the work programme (see A/51/308, "A Partnership for Growth and Development," para. 105). The restructuring resulted in intergovernmental machinery with no more than 500 meeting units per year at its disposal. In order to measure the impact of this on conference support resources, a comparison may be made between the conference-servicing requirements of the intergovernmental machinery in the biennium 1994-1995, when the machinery was functioning in full in accordance with the Cartagena Commitment, and the projected calendar of conferences for the biennium 1998-1999, when it is expected that the new structure will be fully operational.

9. A total of 1,026 meeting units were utilized in the 1994-1995 biennium, as compared to 391 in 1996-1997 and an anticipated 500 in the current biennium. Thus, the changes introduced by the ninth session of the Conference have resulted in a reduction of 526 meeting units in 1998-1999, as compared to the number of meeting units required in the biennium 1994-1995. This reduction in the conference- servicing requirements of UNCTAD is directly traceable to the reform undertaken at the ninth session. These services were, however, to have been provided from the overall resources of conference services at the United Nations Office at Geneva. Such "savings" as might have been realized in connection with this were either absorbed in servicing other offices or were surrendered at the close of the biennium.

Other reductions during the biennium 1996-1997

10. United Nations budget procedures allow for the amounts approved under a given budget section to be modified in the course of the biennium to take into account changes in budget parameters such as exchange rate, inflation, and other adjustments. As regards UNCTAD, these changes were as follows: exchange rates (-$11,391,700 (items (c) and (g) in the table above)), inflation (-$719,700 (items (d) and (h)), and other adjustments (-$316,100 (items (e), (f) and (i)). In total, this accounted for a net reduction in requirements of $12,427,500. These changes are reflected in the report of the Secretary-General containing the first performance reports (A/C.5/51/38) and in Fifth Committee reports A/51/750 and A/52/743 and Add.1.

Reallocation proposals in the 1998-1999 programme budget

11. It is recalled that, under current financial Regulations and Rules of the United Nations and normal United Nations budgetary practices, resources are not "reallocated" from one biennium to another. It may thus be misleading to refer to a "reallocation" of the 1996-1997 savings in the 1998-1999 programme budget. Instead, the Secretary-General endeavoured in the context of the 1998-1999 budget proposals to implement the mandate expressed by the Conference in paragraphs 103 and 107 of "A Partnership for Growth and Development" by increasing resources under some objects of expenditure such as general temporary assistance, consultants/experts and equipment under the UNCTAD budget ($580,000 in total). He also included an increased level of activity and resources under the regular programme of technical cooperation ($1.3 million) to provide increased advisory services to developing countries through field missions, pilot technical cooperation activities, and the organization of additional seminars and workshops.

III. Proposals for allocation of $5.5 million pursuant to General Assembly decision 52/462 of 31 March 1998

12. The activities proposed below aim primarily at reinforcing existing elements of the work programmes and enlarging their scope in view of the availability of additional funding. However, all the new activities are self-contained and limited to the resources provided for in this report. Mindful of the provision contained in paragraph 103 of "A Partnership for Growth and Development," that savings should be utilized to strengthen the capabilities of UNCTAD, including in the area of technical cooperation, the proposals relate also to technical cooperation activities normally funded from the regular programme of technical assistance where additional resources are proposed for allocation. All the activities and related resources have been grouped under the various headings and subprogrammes of the UNCTAD work programme.

Policy-making organs: $1,169,000

(a) Expert meetings of the Commissions

13. In partial implementation of paragraph 114 of "A Partnership for Growth and Development", it is proposed to utilize part of the new resources, amounting to $1,088,000, to enhance the expertise of the deliberations of the expert meetings of the Commissions. The Working Party recommended that the President of the Board "undertake informal consultations, with the involvement of the Secretary-General of UNCTAD and to be completed by 3 July 1998, on the establishment of guidelines and modalities, to be endorsed by the Board at its eighteenth executive session on 10 July 1998, for the distribution of the relevant funds" (see annex).

(b) Preparations for the tenth session of the United Nations Conference on Trade and Development

14. The tenth session of the United Nations Conference on Trade and Development is being conceived as a United Nations system-wide event aiming at undertaking a collective policy reflection and action-oriented deliberations on the development issue at the beginning of the next millennium. This implies a review of development policies of the last decades, their successes or their failures and the need to investigate new approaches in this field. For this purpose, the Secretary-General intends to enhance the analytical capabilities of UNCTAD by using high-level outside experts to assist in the review of such issues as the interrelationship between globalization and development, the recurrent financial crises, the inability of weaker countries to benefit from the globalization process, and the persistence of long-standing challenges such as poverty, excessive dependence on commodities and the lack of trade competitiveness in many countries.

15. Towards this end, it is proposed that brainstorming meetings, involving high-level experts and senior representatives of United Nations programmes and agencies involved in development work, be organized to carry out extensive analysis drawing from past experience, in order to identify remedial measures and basic policy approaches that could provide the foundation of a new international consensus on development. The meetings will discuss issues such as new policy approaches in the field of trade, investment/technology and enterprise development. The meetings will also discuss broader cross-sectoral issues, such as the development issue in the context of a globalizing world economy, on the one hand, and least developed country issues on the other. An amount of $81,000 will be required for the organization of these meetings.

Executive direction and management: $200,000

16. An amount of US $200,000 is requested to fund 20 work-months of outside consultants to provide independent expert evaluation of selected UNCTAD technical cooperation projects. This is in response to a decision of the Trade and Development Board requiring the secretariat to carry out in-depth independent evaluation of a given project selected each year by the Board, with a report being made to it at its second following session. Two such evaluations, namely the Automated System of Customs Data Entry, Control and Management (ASYCUDA) and the training and human resources development in the field of foreign trade programme (TRAINFORTRADE) projects, have already taken place and have shown that consultant resources made available under this programme were insufficient for the requirements of in-depth evaluations. Members of the Working Party on the Medium-term Plan and the Programme Budget have expressed satisfaction with the approach adopted and have called for its renewed use in the future, since the use of the skills of outside consultants makes it possible to ensure an independent, credible review, which also extends to evaluation aspects not normally reviewed under the traditional evaluation process of the Office of Internal Oversight Services.

Subprogramme 1. Globalization and development: $630,000

17. The proposals under this subprogramme are aimed essentially at enhancing existing activities in four distinct areas:

(a) Enhancing support for development financing;

(b) Debt management;

(c) Improving connectivity within UNCTAD and with Governments and relevant non-governmental actors;

(d) South-South Conference on Trade, Investments and Finance.

18. Resource allocation:

(a) Under item (a), an allocation of $300,000 in general temporary assistance funds would allow the recruitment for 18 work-months of a Senior Financial Economist of international reputation with established links with academia and private financial circles and a profound knowledge of the international monetary and financial system. These resources would strengthen the work of UNCTAD on current issues in the area of international finance and support its contribution to the implementation of General Assembly resolution 52/179 of 18 December 1997;

(b) Under item (b), an allocation of $120,000 for 12 work-months of general temporary assistance would allow to contribute to the sustainability of Debt Management and Financial Analysis System (DMFAS). These resources would be used to fund 12 work-months of systems analysts/programmers for the further developments and maintenance of DMFAS version 5.0;

(c) Under item (c), an allocation of $150,000 to enhance UNCTAD-wide connectivity by purchasing, installing and start training staff in the use of the Lotus Notes programme, a recent computer programme aimed at using a database programme to enhance information sharing, transparency and communication between the various programmes of UNCTAD itself, as well as with Governments and other relevant non-governmental actors;

(d) Under item (d), an allocation of six work-months, costed at $60,000, for studies on South-South cooperation issues (para. 35 of General Assembly resolution 52/182 of 18 December 1997).

19. In summary, the allocation proposed under this subprogramme would be divided as follows:

	United States dollars
General temporary assistance	420 000
Consultants	210 000
Total allocation	**630 000**

Subprogramme 2. Investment, enterprise, development and technology: $470,000

20. The proposals under this subprogramme are to enhance existing activities in four areas:

(a) Investment issues;

(b) Investment policy reviews;

(c) Development of an accounting module on medium-sized enterprises;

(d) Development of an agri-business component.

21. Resource allocation:

(a) Under item (a), a total allocation of $120,000 would provide for six work-months of consultancies ($60,000) and six work-months of general temporary assistance ($60,000) to enable the provision of technical expertise on investment issues, more specifically to undertake policy-oriented research on foreign direct investment and the location of economic activities, and the analysis of the impact on development of a possible multilateral framework on investment with a view to preparing a comprehensive document for submission to the tenth session of UNCTAD. The expected output would be the report for the tenth session of the Conference, as well as an input to the *World Investment Report 1999*;

(b) Under item (b), an allocation of $280,000 to finance four country investment policy reviews distributed as follows: an amount of $150,000 (15 work-months) is requested for general temporary assistance; $20,000 for travel of staff; $80,000 to provide for eight work-months consultancies; and $30,000 for work-shop and seminars;

(c) Under item (c), an allocation of $20,000 for two work-months of consultancy for the development of a small and medium-sized enterprise accounting module;

(d) Under item (d), an allocation of $50,000 for five work-months of consultancy for the development of an agri-business component of technical cooperation project for promoting entrepreneurship (EMPRETEC).

22. In summary, the following resources are requested:

	United States dollars
General temporary assistance	210 000
Consultants	210 000
Workshops/seminars	30 000
Travel	20 000
Total amount requested	**470 000**

Subprogramme 3. International trade in goods and services and commodities: $680,000

23. The proposals under this subprogramme are to enhance existing activities in three areas:

(a) The development of a positive agenda for future trade negotiations. During the Uruguay Round, many developing countries felt at a disadvantage because they were negotiating from a position of weakness, in that they did not have an agenda of their own, but were merely reacting to the proposals of their trading partners. Having recognized this weakness, they have approached UNCTAD to assist them in formulating a negotiating agenda for future trade negotiations. They wish to seize the initiative and present a "positive" agenda of their own. In order to assist them in this important endeavour, UNCTAD needs to analyse a number of sectors in which the next round of negotiations will be held, drawing out the points of special concern to the developing countries. The next round will also

be required to deal with the "built-in" agenda left over from the Uruguay Round. Finally, negotiations on agriculture will start earlier than the other negotiations. It is imperative that the UNCTAD trade policy simulation model for agriculture be brought up to date in order for it to be of assistance to developing countries in these negotiations.

(b) Settlement of disputes in international trade and investment. The goal is to develop a training course on the settlement of disputes in international trade and investment for lawyers and businessmen in the least developed countries. The rationale for the proposals is twofold: (i) trade and investment are increasingly integrated, but the machinery for the settlement of disputes is fragmented; and (ii) lack of knowledge about procedures is an added expense to traders and Governments of least developed countries.

(c) Small island developing countries. Following on the mandate for UNCTAD to assist developing countries in setting up their trade policy, the focus is on the commitments made under the General Agreement on Trade and Services by the 16 small island developing countries that are members of the World Trade Organization (WTO) with a view to analysing the link between these commitments and the strategies of these countries for developing trade in services.

24. Resource allocation:

(a) With regard to (a), a total allocation of $280,000 to cover 28 consultancy work-months for the following activities: sectoral studies on goods and services (4 work-months); analysis of developing countries' opportunities in the built-in agenda (6 work-months); updating the agricultural trade policy simulation model (4 work-months); strengthening of measures affecting the services trade (data entry 8 work-months and data processing 6 work-months); $270,000 for three regional, subregional or interregional workshops on the positive agenda (one each in Asia, Africa and Latin America) with 30 participants each; $40,000 for the official travel of staff on technical missions on positive agenda issues and on the organization of the national training courses mentioned below;

(b) With regard to (b), an allocation of $30,000 for an expert meeting to study the contents of a training workshop for least developed country participants on the complexities of settlement of disputes in international trade and investment (10 participants);

(c) With regard to (c), an allocation of $60,000 to cover a six work-month consultancy to study the commitments made under the General Agreement on Trade in Services by the 16 small island developing States that are members of the WTO, with a view to analysing the link between those commitments and the strategies of those countries for developing trade in services.

25. In summary, the following resources would be allocated:

	In United States dollars
Consultants	340 000
Ad hoc experts	300 000
Staff travel	40 000
Total amount requested	**680 000**

Subprogramme 4. Services infrastructure for development and trade efficiency: $510,000

26. The proposals under this subprogramme are to enhance the activities in the area of customs, Trade Points, electronic commerce, TRAINFORTRADE and transport.

(a) Customs. The work of UNCTAD in this area, through the ASYCUDA programme, has a major impact on the competitiveness of enterprises in developing countries, the modernization of a key public administration and the increase of government revenue. The large customer base of ASYCUDA (over 80 countries) creates a high level of demand for technical support services, which places considerable stress on the resources available for the development of the system. It is proposed that additional resources be used to recruit highly qualified technical staff to work on additional ASYCUDA modules to enhance further the capabilities of ASYCUDA and to keep the system abreast of evolving information technology. One such module should be the transit transport monitoring module requested by the Expert Meeting on the Use of Information Technologies to Make Transit Arrangements More Effective. This module would contribute to exploiting the synergies between ASYCUDA and other existing information technology systems and networks (including the Advanced Cargo Information System and the Trade Point Network), in particular in the context of proposals in the area of transport;

(b) Trade Points. Since the launching of the Trade Point Programme in 1994, the number of requests for assistance in the establishment and operation of Trade Points has grown exponentially. The secretariat has undertaken significant fund-raising activities. However, resources available are still not commensurate with the demand from Trade Points in developing countries, particularly concerning the aspects of Trade Point operations related to

electronic networks and information technology. It is necessary that UNCTAD improve its capacity to provide operational support to the efforts of developing countries to participate in electronic commerce through Trade Points;

(c) TRAINFORTRADE. A recent external evaluation pointed out that this programme suffers from a chronic lack of adequate resources (professional staff), which results in a serious limitation of the capacity of UNCTAD to support TRAINFORTRADE's national counterparts. As a consequence, the potential long-term impact on development of this human resources development programme has never been fully realized. There is strong demand for TRAINFORTRADE courses. In order to increase the size of the target population, plans are being made to enter into partnerships with academic centres and private sector institutions;

(d) Review of bilateral regional and subregional transit transport agreements.

27. Resource allocation:

(a) $180,000 for 18 work-months of general temporary assistance to hire highly specialized information technology staff to work on the development of the new ASYCUDA module (transit transport module). The expected output would be the design of the transit transport monitoring module. The results would be to support the efforts of developing countries and countries in transition, particularly the landlocked, in improving their transit arrangements;

(b) $120,000 for 12 work-months of general temporary assistance to hire highly qualified technicians, with expertise in global networks and electronic commerce, to provide advice and technical support to Trade Points and to develop solutions to move the Global Trade Points Network from a pre-transactional to a full electronic trade transaction phase;

(c) $120,000 for 12 work-months of general temporary assistance, to support the TRAINFORTRADE programme and its national counterparts, and to develop new distance-learning material; and, $30,000 for official travel of staff to support the activities relating to the programme;

(d) With regard to item (d), an allocation of $60,000 for six consultancy work-months for assisting the landlocked and transit developing countries in the African region in reviewing their bilateral and subregional transit transport agreements.

28. In summary, the following resources would be allocated:

	United States dollars
General temporary assistance	420 000
Consultants	60 000
Staff travel	30 000
Total amount requested	**510 000**

Subprogramme 5. Office of the Special Coordinator for the Least Developed, Landlocked and Island Developing Countries: $700,000

29. The proposals under this subprogramme are to enhance the activities of the Office of the Special Coordinator in support of the least developed countries, landlocked and island developing countries, by carrying out the following activities:

(a) Preparations for the Third United Nations Conference on least developed countries: assistance to least developed countries in assessing the impact of the Programme of Action; consultations with the Governments and development partners of least developed countries; involvement of civil society and non-governmental organizations in the preparatory process.

(b) Follow-up of the High-level Meeting on Integrated Initiatives for the Least Developed Countries' Trade Development as approved by the Trade and Development Board at its sixteenth executive session. This involves the following activities: contribute in providing trade-related technical assistance needs of those least developed countries for which integrated responses of agencies had not yet been prepared; help those least developed country Governments which have submitted needs assessments to prepare, jointly with other agencies/partners, a multi-year trade-related technical cooperation programme; support those round-table processes at the country level envisaged in paragraphs 5 (e) and (f) of the Integrated Framework; contribute to the implementation, review, monitoring and evaluation of country programmes with the other organizations involved; plan and implement seminars and workshops related to the objectives of the High-level Meeting and the Integrated Framework; contribute to setting up a trade-related information system including the establishment and maintenance of an integrated country database within the scope of the Integrated Framework.

30. As envisaged in paragraph 3 of the Integrated Framework, activities for individual African least developed countries under the joint International Trade

Centre/UNCTAD/WTO Integrated Technical Assistance Programme in selected least developed and other African countries, are subsumed under the Integrated Framework. The activities listed above, therefore, cover these countries as well.

31. Resource allocation:

(a) With reference to paragraph 29 (a), it is proposed to allocate $340,000 for 34 consultants/experts work-months to assist least developed countries in undertaking, at the country level, an assessment of the results of the Programme of Action for the 1990s for presentation at the Third United Nations Conference on least developed countries to be held in the year 2001.

(b) With reference to 29 (b) a total allocation of $360,000 is proposed, consisting of the following:

(i) A number of technical cooperation activities, as identified in the needs assessment and which are considered by the least developed country concerned as priority areas, will also be carried out in parallel to the preparation of multi-year trade-related technical cooperation programmes. For this purpose $210,000 will be required for: six work-months for consultancy services ($60,000); 10 work-months of general temporary assistance ($100,000); and $50,000 for the organization of workshops.

(ii) An amount of $100,000 is required for recruitment for 10 work-months for national consultants and international consultants to help least developed countries to prepare multi-year trade-related technical cooperation programmes.

(iii) $50,000 for organization of trade-related round tables.

32. In summary, the following resources would be allocated:

	United States dollars
General temporary assistance	100 000
Consultants	500 000
Seminars/workshops	100 000
Total amount requested	**700 000**

33. In summary, the total proposed allocation of resources under all programmes of UNCTAD is summarized as follows:

	United States dollars
General temporary assistance	1 150 000
Consultants	1 520 000
Ad hoc expert groups	411 000
Seminars/workshops	100 000
Travel of participants to official meetings	1 088 000
Official travel of staff	90 000
Total	**4 359 000**

Regular programme of technical cooperation ($1,170,000)

34. Under the regular programme of technical cooperation, UNCTAD provides advisory services to developing countries. For the past several bienniums, activities have been limited on account of the amount of resources provided (about $1.3 million in the biennium 1996-1997). Partially as a result of the ninth session of UNCTAD, the allocation was increased in the present biennium, 1998-1999, to $2.3 million. In accordance with the programme narrative, these resources will be used for advisory work, group training and field projects in the areas of globalization and development, investment enterprise development and technology, and international trade in goods and services and commodities.

35. The additional allocation now proposed is aimed essentially at enhancing the capacity of UNCTAD to expand advisory services, increasing the number of advisory missions and expanding their scope. Additional training courses and pilot technical cooperation activities are envisaged, drawing upon the outcome of both the intergovernmental and expert meetings in the context of the deliberations of the Commissions. As a result, UNCTAD will make a more direct, practical and effective contribution to development at the country and regional levels. As the existing 72 work-months of advisers cover only three of the five programmes, it is expected that the increased resources will enable coverage of the remaining two, and to strengthen assistance being provided, in particular to the least developed countries.

36. The allocation of the additional resources would be in support of the following activities:

(a) Enhancing developing country capabilities in the field of commercial diplomacy through targeted training programmes. Under these advisory services, one particular training programme is envisaged in the area of enhancing developing country capabilities in the field of commercial diplomacy. Active participation in the multilateral trading system is an essential element of the development strategies of all developing countries. However, many developing countries are too poorly equipped in terms of institutional infrastructure and human resources to participate effectively. A major effort is required on their part to upgrade and develop the specialized skills of those from both the public and private sectors involved in the development of trade strategies and in the negotiation of multilateral, regional and bilateral trade agreements. They are urgently seeking the assistance of UNCTAD to develop this capacity. In order to assist them, UNCTAD needs to develop course material which can subsequently be used domestically for training purposes, and to conduct workshops in the various regions to build up training capacity;

(b) Advising developing countries on services infrastructure for development and trade efficiency, including the application of information technology to render the process of trading and transport more efficient, and the provision of training and human resource development programmes for capacity-building in these areas;

(c) Advising least developed countries on the implementation of the Integrated Framework for Technical Cooperation launched at the October 1997 High-level Meeting on Integrated Initiatives for Least Developed Countries Trade Development with the support of UNCTAD, the International Trade Centre (ITC), the International Monetary Fund (IMF), the United Nations Development Programme (UNDP), the World Bank and World Trade Organization (WTO);

(d) Group training in the implementation of the results of UNCTAD expert meetings in such areas as: commodity risk management; accounting, particularly environmental accounting; food processing; investment agreements; electronic commerce; and support structures for small and medium-sized enterprises.

37. Resource allocation:

(a) Under (a), (b) and (c), a total of 45 work-months of advisory services at the L-6 level for an amount of $750,000, and a total of 12 work-months for support staff at the general service level to assist in the preparation/organization of seminars and workshops/group training, at a total estimated cost of $80,000;

(b) Under (a) and (d), seven group training sessions, with an estimated cost of $140,000;

(c) A provision of $200,000 to cover the travel requirements of the additional three interregional advisors.

38. In summary, the total proposed allocation of resources for the regular programme on technical cooperation is summarized as follows:

	United States dollars
General temporary assistance	830 000
Staff travel	200 000
Training/workshops	140 000
Total amount requested	**1 170 000**

Notes

[1] See UNCTAD/ISS/Misc.121.

Annex

Letter dated 8 May 1998 from the Chairman of the Working Party on the Medium-term Plan and Programme Budget of the United Nations Conference on Trade and Development addressed to the Secretary-General

I have the honour to refer to General Assembly resolution 52/220, in which, in paragraph 54, the Assembly requested the Secretary-General to prepare expeditiously a report, in consultation with the Working Party on the Medium-term Plan and Programme Budget of the United Nations Conference on Trade and Development, on the proposals made in the programme budget for the biennium 1998-1999 regarding the utilization of savings incurred in the preceding biennium as a result of the "improved overall cost-effectiveness achieved pursuant to the ninth session of the Conference, including the restructuring of the intergovernmental machinery and the reform of the secretariat", and to submit it to the General Assembly at its resumed fifty-second session for its consideration. I am also referring to General Assembly decision 52/462 of 31 March 1998 in which the Assembly reviewed the unspent balance of funds remaining at the end of the biennium 1996-1997 and decided to retain a balance "with a view to financing the activities of the United Nations Conference on Trade and Development, as requested in resolution 52/220 of 22 December 1997, taking into account the recommendations of the Secretary-General in this regard." The balance in question amounts to $5,526,600.

I am pleased to inform you that the Working Party on the Medium-term Plan and the Programme Budget of the Trade and Development Board met and considered your draft report, which was circulated to the members of the Working Party.

I am attaching herewith the results of the deliberations of the Working Party,* and it is our sincere hope that the comments and recommendations of the Working Party be taken fully into account in the finalization of your report to the General Assembly.

(*Signed*) Porfirio Thierry **Muñoz-Ledo**
Chairman of the Working Party on the
Medium-term Plan and the Programme Budget

* N.B. The paragraph numbers in the Conclusions of the Working Party attached to the Chairman's letter (see appendix) refer to the original draft report considered by the Working Party (UNCTAD/ISS/Misc.121).

Appendix

Results of the deliberations of the Working Party on the Medium-term Plan and the Programme Budget of the United Nations Conference on Trade and Development on the draft report of the Secretary-General contained in document UNCTAD/ISS/Misc.121

Savings resulting from the improved overall cost-effectiveness achieved pursuant to the ninth session of the conference

I. Conclusions of the Working Party on the review of the resource situation, including savings, in the biennium 1996-1997

1. The Working Party expressed disappointment over the lack of clear information concerning the savings achieved pursuant to the ninth session of the United Nations Conference on Trade and Development (UNCTAD), including the restructuring of intergovernmental machinery of UNCTAD and the reform of the UNCTAD secretariat. It regretted that, as a result of such lack of information, it was not in a position to determine the exact amount of savings achieved, as required of it under the terms of paragraph 107 (a) of "A Partnership for Growth and Development". Nor, in consequence of the lack of information, was it able to respond as effectively as it would have wished to the request contained in paragraph 54 of General Assembly resolution 52/220 of 22 December 1997.

2. Nevertheless, the Working Party considered that significant savings had been achieved by UNCTAD as a direct result of decisions of the ninth session of the Conference and the reform of the UNCTAD secretariat. It affirmed its conviction that a proportion of the reduced level of expenditure in UNCTAD's budget for the biennium 1996-1997 (i.e. $7.7 million, as indicated in paragraph 6 of the report of the Secretary-General of the United Nations) was directly attributable to improved overall cost-effectiveness achieved as a result of the decisions taken at the ninth session of the United Nations Conference on Trade and Development, in particular through the restructuring of the intergovernmental machinery and the reform of the UNCTAD secretariat.

3. It noted that considerable savings had been achieved as a result of reductions in conference-servicing requirements attributable to the restructuring of UNCTAD's intergovernmental machinery, but noted the statement in paragraph 8 of the report of the Secretary-General of the United Nations that: "Such 'savings' as might have been realized in connection with this were either absorbed in servicing other offices or were surrendered at the close of the biennium." It strongly recommended that consideration should be given to allocating a percentage of the total savings achieved to the financing of UNCTAD activities within the current biennium.

II. Conclusions of the Working Party on the proposals for allocation of $5.5 million pursuant to General Assembly decision 52/462 of 31 March 1998

4. The Working Party adopted an agreed statement by the Chairman (for the text of the agreed statement, see attachment).

5. The Working Party decided to propose a number of adjustments to the Secretary-General's proposals (for the proposed adjustments, see sect. III below).

6. The Working Party authorized the Chairman to summarize its comments on the Secretary-General's proposals and decided to include the Chairman's summary in its report.

III. Proposed adjustments to the Secretary-General's proposals

7. The following adjustments are proposed to section II of the Secretary-General's report:

Policy-making organization:

(a) Under paragraph 15, concerning preparations for the tenth session of UNCTAD, it is proposed to reduce the allocation provided for by $60,000. The total allocation under this item would therefore be $81,000;

Executive direction and management:

(b) Under paragraph 16, on evaluation, it is proposed to increase the allocation by $100,000.

Subprogramme 1:

(c) Under paragraph 17 (i), on development financing, it is proposed to reduce the allocation by $150,000;

(d) Under paragraph 17 (ii) on portfolio investment, it is proposed to cancel the activities (reduction by $100,000);

(e) In connection with debt management, it is proposed to introduce new activities for a total allocation of $120,000.

Subprogramme 2:

(f) Under paragraph 20 (i), on investment issues/*World Investment Report*, it is proposed to reduce the allocation by half (reduction of $120,000);

(g) Under paragraph 20 (ii), on hearings, it is proposed to cancel the activity (reduction by $50,000);

(h) In connection with investment policy reviews, it is proposed to introduce four investment policy reviews, for a total allocation of $280,000.

Subprogramme 5:

(i) Under paragraph 29, it is proposed to introduce follow-up to the High-level Meeting on Least Developed Countries' Trade Development, for a total of $360,000.

Regular programme of technical cooperation:

(j) Under paragraph 33 (i), on the course on commercial diplomacy, it is proposed to reduce the allocation by $240,500;

(k) Under paragraph 33 (ii), on advice on trade efficiency issues, it is proposed to reduce the allocation by $240,500;

(l) Under paragraph 33 (iii), on advice for least developed countries, it is proposed to increase the allocation by $160,000 for the follow-up to the High-level Meeting on Least Developed Countries' Trade Development;

(m) Under paragraph 33 (iv), it is proposed to reduce the allocation for group training by $59,000.

In summary:

Total increase	$1,020,000	proposed for evaluation, debt management, investment policy reviews, least developed countries, least developed countries in regular programme of technical cooperation
Total decrease	$1,020,000	proposed for the tenth session of UNCTAD, financing for development cooperation, portfolio investment, investment (*World Investment Report*), hearings, regular programme of technical cooperation/commercial diplomacy course/advice on trade efficiency/group training

Table
Adjustment proposals of the Working Party to the report of the Secretary-General

Paragraph	Description	Present allocation	Proposed adjustments	Revised allocation
		United States dollars		
13	Experts financing (under review)*	1 088 000.00	0.00	1 088 000.00
	Subtotal policy-making organs	**1 088 000.00**	**0.00**	**1 088 000.00**
15	UNCTAD X preparations	141 000.00	(60 000.00)	81 000.00
16	Evaluation	100 000.00	100 000.00	200 000.00
	Subtotal Executive Direction and Management	**241 000.00**	**40 000.00**	**281 000.00**
17 (i)	Finance for development	450 000.00	(150 000.00)	300 000.00
17 (ii)	Portfolio investment	100 000.00	(100 000.00)	0.00
17 (iii)	Improving connectivity	150 000.00		150 000.00
17 (iv)	South-South Conference	60 000.00		60 000.00
NEW	Debt management	0.00	120 000.00	120 000.00
	Subtotal subprogramme 1	**760 000.00**	**(130 000.00)**	**630 000.00**
20 (i)	Investment issues	240 000.00	(120 000.00)	120 000.00
20 (ii)	Hearings on possible multilateral framework on investment	50 000.00	(50 000.00)	0.00
20 (iii)	Development of accounting module small-medium enterprises	20 000.00		20 000.00
20 (iv)	Development of agri-business component	50 000.00		50 000.00
NEW	Investment policy reviews (4)	0.00	280 000.00	280 000.00
	Subtotal subprogramme 2	**360 000.00**	**110 000.00**	**470 000.00**
23 (i)	Build capacity for positive agenda for future trade negotiations	590 000.00	0.00	590 000.00
23 (ii)	Training for settlement of disputes in international trade and investment	30 000.00	0.00	30 000.00
23 (iii)	Small island developing countries	60 000.00	0.00	60 000.00
	Subtotal subprogramme 3	**680 000.00**	**0.00**	**680 000.00**
26 (i)	Customs	180 000.00	0.00	180 000.00
26 (ii)	Trade points	135 000.00	0.00	135 000.00
26 (iii)	TRAINFORTRADE	135 000.00	0.00	135 000.00
26 (v)	Landlocked – Review of transit agreements	60 000.00	0.00	60 000.00
	Subtotal subprogramme 4	**510 000.00**	**0.00**	**510 000.00**
29	Preparations for Third United Nations Conference on Least Developed Countries	340 000.00	0.00	340 000.00
NEW	Follow-up to High-level Meeting	0.00	360 000.00	360 000.00
	Subtotal subprogramme 5	**340 000.00**	**360 000.00**	**700 000.00**
	Subtotal, Regular Budget Components	**3 979 000.00**	**380 000.00**	**4 359 000.00**
33 (i)	Commercial diplomacy	450 000.00	(240 500.00)	209 500.00
33 (ii)	Advice on services infrastructure and trade efficiency issues	450 000.00	(240 500.00)	209 500.00
33 (iii)	Advise least developed countries on implementation of Integrated Framework for Technical Assistance	450 000.00	160 000.00	610 000.00
33 (iv)	Group training, various areas	200 000.00	(59 000.00)	141 000.00
	Subtotal, regular programme technical cooperation	**1 550 000.00**	**(380 000.00)**	**1 170 000.00**
	Total proposed allocation*	**5 529 000.00**	**0.00**	**5 529 000.00**

* NB. Subject to future disbursement modalities.

Attachment

Agreed statement by the Chairman of the Working Party

The members of the Working Party considered the proposals of the Secretary-General contained in paragraphs 12 and 13 of document UNCTAD/ISS/Misc.121, and agreed to recommend the financing of experts on the understanding that:

1. It would only involve a one-time expenditure within the framework of the 1998-1999 biennium made possible because of extra resources that have been allocated as a result of underspending;

2. It would not set a precedent regarding the financing from UNCTAD's regular budget of the expenses of experts attending, in their personal capacity, expert meetings convened by the Commissions in accordance with paragraph 114 of "A Partnership for Growth and Development";

3. Special consideration would be given to the needs of developing countries, in particular, the least developed countries;

4. The President of the Board is requested to undertake informal consultations, with the involvement of the Secretary-General of UNCTAD and to be completed by 3 July 1998, on the establishment of guidelines and modalities, to be endorsed by the Board at its eighteenth executive session on 10 July 1998, for the distribution of the relevant funds.